

PPP DATABASE

Strategic Service-Delivery Partnerships

- ICT and corporate services
- Planning and design
- Highway services
- Waste and environmental services

Dexter Whitfield

Expanded 2010 Edition



**European Services
Strategy Unit**

(Continuing the work of the Centre for Public Services)

Contents

Introduction	3
Table 1: PPP: Strategic Service-delivery Partnerships for local authority ICT, corporate and technical services in Britain (2000-10)	5
Table 2: length of contract	7
Table 3: SSPs in procurement	7
Table 4: Regional distribution of SSPs	8
Table 5: Employment model in operational SSPs	8
Table 6: Contracts and market share of main contractors in operational SSPs	9
Table 7: Summary of operational SSP market share	11
Table 8: Local authorities that chose in-house option and rejected SSP	11
Table 9: Terminated and reduced contracts	13
Table 10: Highway Services contracts	15
Table 11: Waste and Environmental Services contracts	16
References	

November 2010.



European Services Strategy Unit

(Continuing the work of the Centre for Public Services)

Dexter Whitfield, Director

Adjunct Associate Professor, Australian Institute for Social Research, University of Adelaide

Mobile 0777 6370884

Tel. +353 66 7130225

Email: dexter.whitfield@gmail.com

Web: www.european-services-strategy.org.uk

The **European Services Strategy Unit** is committed to social justice, through the provision of good quality public services by democratically accountable public bodies, implementing best practice management, employment, equal opportunity and sustainable development policies. The Unit continues the work of the Centre for Public Services, which began in 1973.

Introduction

A Strategic Service-delivery Partnership (SSP) is a long-term, multi-service, multi-million pound Public Private Partnership (PPP) between a local authority and a private contractor. Between 50 – 1,000 staff are transferred to a private contractor or transferred or seconded to a Joint Venture Company (JVC). Contracts are usually ten years with an option for a further five years. Highway and waste services PPP contracts are usually for 25 years.

SSPs usually cover ICT and related services such as revenues and benefits, financial and legal services, customer contact centres, human resources, payroll and often include property management. Some SSPs include architectural, highways, engineering and other technical services.

SSPs are service contracts with relatively small capital expenditure for equipment and buildings. They are funded through local authority revenue budgets via monthly payments to a private contractor who may frontload investment and recoup the costs in the latter stages of the contract. SSP objectives usually include the transformation of public services, increased employment and social and economic aims.

Whole service concept

“The days when public private financial structures were mainly about delivering chunks of capital – that’s probably not going to be the focus in the future. The focus will be about delivering whole services, delivering outcomes that the taxpayer wishes to achieve. ...It isn’t just about buildings and infrastructure, its about delivering whole solutions” stated Philip Hammond, the Shadow Chief Secretary to the Treasury (Public Private Finance, 2009).

Four major local authority SSP contracts for highway services (Birmingham operational, Sheffield, Hounslow and Isle of Wight in procurement) are examples of the ‘whole service’ approach. Almost the entire highways service of road maintenance and improvement for 25 years is outsourced to the private sector and includes street lighting, traffic signals, pavements and landscape. These contracts also include a Private Finance Initiative (PFI) component because of the infrastructure element, such as road improvement and renewal of street lighting, largely absent from SSPs in ICT, corporate and technical services. Integrated waste management and disposal contracts also have a PFI component for new recycling and incineration plants.

Types of SSPs

A detailed typology and discussion of SSPs is available in *Global Auction of Public Assets: Public sector alternatives to the infrastructure market and Public Private Partnerships* www.european-services-strategy.org.uk/global-auction-of-public-assets/

The Database has contracts in the following services:

- ICT and corporate services (financial services, revenues and benefits, human relations, property management, procurement) for Local Authorities and Police Authorities.
- Planning and design.
- Highways maintenance and improvement services.
- Waste and environmental services.

Notes

The Database is updated on a regular basis.

Data sources include reports to Cabinet/Executive and full Council, company Stock Exchange Announcements, technical journals, company press releases and web sites and PPP journals.

Please reference the *European Services Strategy Unit PPP Database, 2010*.

Please read the following Notes

- The employment data uses actual numbers of jobs rather than Full Time Equivalent (FTE).
- The contract value (£m) is the total value announced at the contract award.
- Tables 1, 10, 11, and 12 are based SSP contract awards.
- Tables 2 – 7 are based on operating contracts and thus exclude Bedfordshire County Council and West Berkshire Council, which terminated their SSP contracts in 2005 and Cumbria CC whose contract has concluded.
- The operational contract analysis is based on the main contractor and does not include those with a secondary partner or subcontracting role – see note at Table 7.
- Single service contracts, for example for ICT or revenues and benefits, have been excluded.
- Sources: Local authority SSP documentation, Cabinet/Executive Board reports, private sector websites and ESSU reports.
- See Strategic Services-delivery Partnerships section in Outsourcing and PPP Library for critical assessment of SSP projects, business cases and contracts.
www.european-services-strategy.org.uk/outsourcing-library/

Additions, amendments and comments on the PPP Database are welcome – see contact details on page 2.

Takeovers and mergers

HBS Business Services was acquired by Mouchel Parkman in August 2007.

Amey PLC was acquired by Ferrovial, the Spanish infrastructure services company, in 2003.

ICT, corporate and technical services

Table 1: PPP: Strategic Service-delivery Partnerships for local authority ICT, corporate and technical services in Britain (2000-10)

Local authority	Date started	Total value £m	No of staff	Transfer or secondment	Contractor	Services	Length of contract
Bath & N. Somerset	2003	70	70	transfer	HBS Services	ICT and related	10
*Bedfordshire CC	June 2001	265	550	transfer	HBS Services	ICT and related	12
***Birmingham City Council	July 2006	604	450	secondment – JVC	Capita	ICT and related	10
Blackburn MBC	July 2001	205	470	transfer	Capita	ICT and related	10
Bournemouth BC	Dec 2010	150	300	transfer	Mouchel	ICT and related	10
Bradford MBC	2005	160	150	'choice'	IBM/Serco	ICT	10
Bromley LBC	April 2002	68	150	transfer	Liberata	ICT and related	7
Chesterfield BC	Nov 2010	54	204	TUPE Plus transfer	Arvato Services, Kier Group	ICT and related, engineering	10
Cumbria CC****	Feb 2001	140	600	transfer	Capita	Property, finance, Human resources	10
East Riding UA	October 2005	200	600	transfer	Arvato Services,	ICT and related	8
Edinburgh City Council	2001	150	100	transfer	BT	ICT	15
*Essex CC	May 2002	164	100	transfer	BT	ICT	10
Glasgow City Council	Feb 2008	265	280	secondment and transfer	Serco	ICT and related	10
Hammersmith LBC	Oct 2006	120	120	transfer/JVC	Agilisys	ICT and related	10
Lincolnshire CC	April 2000	306	1,088	transfer	HBS Services	ICT and related	10
Liverpool City Council	2001	300	850	secondment – JVC	BT	ICT and related	10
Liverpool City Council	Oct 2003	100	170	transfer to JVC Liverpool 2020	Mouchel Parkman	Highways, traffic, property, estates	10
Knowsley MBC	April 2005	25	40	transfer to JVC	Mouchel Parkman & Liverpool 2020	Architectural, engineering, landscape	10
Mendip DC	July 2005	30	50	transfer	Capita	ICT and related	12
Middlesbrough Council	June 2001	250	1,045	transfer	HBS Services	ICT and related	10
Milton Keynes Council	Jan 2004	200	730	transfer	HBS Services	ICT and related	12
North Somerset DC	Oct 2010	104	184	transfer	Agilisys	ICT and related	10
Norwich City	April 2002	85	30	transfer	Steria UK	ICT/BPR	15
Oldham MBC	April 2007	210	400	Transfer to JVC	Mouchel Parkman/HBS/Agilisys	ICT and related, property & professional services	12
Pendle Council	Feb 2005	100	185	transfer	Liberata	ICT and related	15
**Redcar & Cleveland	2003	200	500	transfer	Liberata	ICT and related	10
Rochdale MBC	April 2006	200	350	secondment - JVC	Mouchel Parkman/Agilisys	ICT and related, highways, property, design,	15

Rotherham MBC	April 2003	150	550	secondment - JVC	BT	ICT and related	12
Salford MBC	Feb 2005	250	420	secondment - JVC	Capita	Engineering, highways, planning & property	12
Sandwell MBC	April 2007	300	500	transfer	BT/Liberata	ICT and related	15
Sefton MBC	Oct 2008	167	450	transfer	Arvato (Bertelsmann)	ICT and related Technical services	10
Sefton MBC	Oct 2008	70	150	transfer	Capita Symonds	Architecture, engineering, property & highway services	10
Sheffield City Council Retendered	1998 2008	275 (200)	450 (500)	transfer transfer	Liberata Capita	ICT and related ICT and related	10 7
Somerset CC, Taunton Deane DC and Avon & Somerset Police Authority	October 2007 Police contract March 2008	400 + 185	830 + 600	secondment to JVC Southwest One	IBM and Mouchel Parkman	ICT and related and property management	10
Southampton City Council	October 2007	290	650	transfer	Capita	ICT, property management and related	10
South Tyneside MBC	October 2008	184	450	transfer	BT	ICT and related	10
Suffolk CC	June 2004	330	700	secondment - JVC	BT	ICT and related	10
**Swansea City Council	January 2006	100	110	transfer	CapGemini	ICT	10
Swindon Council	Feb 2007	243	400	transfer	Capita	ICT and related	15
Thurrock Council	April 2005	427	600	transfer	Vertex	ICT and related	15
Welwyn Hatfield BC	Nov 2008	31	68	transfer	Steria	ICT and related	12
*West Berkshire	June 2002	104	168	transfer	Amey	ICT and related	10
Westminster LBC	Nov 2002	240	400	transfer	Vertex	ICT and related	10
Police Authority							
Avon & Somerset Police Authority	See Somerset CC above						
Cleveland Police Authority	Sept 2010	175	470	TUPE Plus transfer	Steria	ICT, corporate services, call handling.	10
Total 44		8,646	17,782				

Source: European Services Strategy Unit, PPP Database, 2010.

* Contract terminated ** Contract reduced in scope *** Contract expanded **** Contract concluded

Contract length

Average length of contract (excluding highways and waste contracts) is 10.8 years. Contracts usually have clauses that provide for extension periods of between two and five years.

Table 2: Length of contracts

Number of years of contract	No. of contracts	% of total contracts
ICT, corporate and technical services		
7 years	2	4.5
8 years	1	2.3
10 years	28	63.6
12 years	7	15.9
15 years	6	13.7
Sub total	44	100.0
Highways and Waste contracts		
1- 10 years	1	16.7
20 - 30 years	5	83.3
Sub total	6	100.0

Source: European Services Strategy Unit, PPP Database, 2010

Table 3: SSPs in procurement

In Procurement	Shortlisted companies or Preferred bidder	Services
Essex County Council	IBM	Transformation Delivery Partner worth up to £5.4bn to make £300m annual savings (EssexWorks, Cabinet Report, 13 October 2009).
Hounslow LBC	Skanska/John Laing, Vinci/Ringway and Balfour Beatty	£1.7bn Highways Maintenance and Improvement PFI, 25-30 year contract
Sheffield City Council	Amey and Carillion/Mouchel	£2.0bn Highways Maintenance and Improvement PFI, 25 year contract
Isle of Wight Council	Colas, Amey and Vinci/Ringway	£1.2bn Highways Maintenance and Improvement PFI, 25 year contract
Essex CC	Amey, Atkins, Balfour Beatty, Costain, Serco/Capita Symonds, Ringway/Jacobs, May Gurney/WSP, Mouchel/Carillion	£3.bn Highway Maintenance 10 year contract.

Source: European Services Strategy Unit, PPP Database, 2010

Table 4: **Regional distribution of operational SSPs**

Region	No of SSPs	%	Total value £m	%	No of jobs	%
North East	4	10.0	809	10.1	2,465	15.1
North West	10	25.0	1,627	20.4	3,485	21.4
Yorkshire & Humber	6	15.0	1,145	14.4	3,042	18.6
North	19	50.0	3,581	44.9	8,992	55.1
East Midlands	0	0	0	0	0	0
West Midlands	2	5.0	904	11.3	950	5.8
Eastern	4	10.0	1,042	13.1	2,060	12.7
London	3	7.5	428	5.4	670	4.1
South East	2	5.0	321	4.0	718	4.4
South West	6	15.0	1,182	14.8	2,434	14.9
Wales	1	2.5	100	1.3	110	0.7
Scotland	2	5.0	415	5.2	380	2.3
Total	40	100.0	7,973	100.0	16,314	100.0

Source: European Services Strategy Unit, PPP Database, 2010.

This Table excludes the terminated contracts at Bedfordshire CC, West Berkshire Council, Essex County Council and Cumbria CC which has concluded.

Table 5: **Employment model in operational SSPs**

Employment model	No of contracts	No of jobs	Percentage
TUPE Transfer	27	9,730	59.7
TUPE Plus transfer	2	674	4.1
Transfer to JVC	2	730	4.5
Secondment to JVC	7	4,750	29.1
Choice of transfer or secondment	2	430	2.6
Total	40	16,314	100.0

Source: European Services Strategy Unit, PPP Database, 2010.

This Table excludes the terminated contracts at Bedfordshire CC, West Berkshire Council, Essex County Council and Cumbria CC, which has concluded.

Table 6: Contracts and market share of main contractors in operational ICT, corporate and technical services

Local authority	Date started	Total value £m	No of staff	Transfer or secondment
Agilisys				
Hammersmith LBC	Oct 2006	120	120	transfer/JVC
North Somerset DC	Oct 2010	104	184	
Sub total		224	304	
Percentage share		2.8	1.9	
Arvato Services				
Chesterfield BC	Nov 2010	54	204	transfer TUPE plus
East Riding UA	October 2005	200	600	transfer
Sefton MBC	October 2008	167	450	transfer
Sub total		421	1,254	
Percentage share		5.3	7.7	
BT Group PLC				
Edinburgh City Council	2001	150	100	transfer
Liverpool City Council	2001	300	850	secondment – JVC
Rotherham MBC	April 2003	150	550	secondment – JVC
Sandwell MBC	April 2007	300	500	transfer
South Tyneside MBC	October 2008	184	450	transfer
Suffolk CC	June 2004	330	700	secondment – JVC
Sub total		1,414	3,150	
Percentage share		17.7	19.3	
Capgemini				
**Swansea City Council	January 2006	100	110	transfer
Sub total		100	110	
Percentage share		1.3	0.7	
Capita Group PLC				
***Birmingham City Council	July 2006	604	450	secondment – JVC
Blackburn MBC	July 2001	205	470	transfer
Mendip DC	July 2005	30	50	transfer
Salford MBC	Feb 2005	250	420	secondment – JVC
Sefton MBC	Oct 2008	70	150	transfer
Sheffield City Council	Dec 2008	275	450	transfer
Southampton City Council	October 2007	290	650	transfer
Swindon Council	Feb 2007	243	400	transfer
Sub total		1,967	3,040	
Percentage share		24.8	18.6	
IBM				
Bradford MBC	2005	160	150	'choice'
Somerset CC, Taunton Deane DC and Avon & Somerset Police Authority	October 2007 + March 2008	400 + 185	830 + 600	secondment – JVC
Sub total		745	1,580	
Percentage share		9.3	9.6	
Liberata				
Bromley LBC	April 2002	68	150	transfer
Pendle Council	Feb 2005	100	185	transfer
**Redcar & Cleveland	2003	200	500	transfer
Sub total		368	835	
Percentage share		4.6	5.1	
Mouchel Group PLC				
Bath & N. Somerset	2003	70	70	transfer
Bournemouth BC	Dec 2010	150	300	transfer
Lincolnshire CC	April 2000	306	1,088	transfer
Liverpool City Council	October 2003	100	170	transfer to JVC

Knowsley MBC	April 2005	25	40	transfer to JVC
Middlesbrough Council	June 2001	250	1,045	transfer
Milton Keynes Council	Jan 2004	200	730	transfer
Oldham MBC	April 2007	210	400	transfer/JVC
Rochdale MBC	April 2006	200	350	secondment – JVC
Sub total		1,511	4,193	
Percentage share		18.9	25.7	
Serco Group				
Glasgow City Council	February 2008	265	280	secondment & transfer
Sub total		265	280	
Percentage share		3.3	1.7	
Steria				
Cleveland Police Authority	Sept 2010	175	470	transfer TUPE Plus
Norwich City	April 2002	85	30	transfer
Welwyn Hatfield BC	November 2008	31	68	transfer
Sub total		291	568	
Percentage share		3.6	3.5	
Vertex				
Thurrock Council	April 2005	427	600	transfer
Westminster LBC	Nov 2002	240	400	transfer
Sub total		667	1,000	
Percentage share		8.4	6.1	
Total 39 contracts		7,973	16,314	

Source: European Services Strategy Unit, PPP Database, 2010.

* Contract terminated ** Contract reduced in scope *** Contract expanded

This Table excludes the terminated contracts at Bedfordshire CC, West Berkshire Council and Essex County Council and Cumbria CC which has concluded.

SSP contractors are ranked according to the number of contracts, the percentage value of contracts and the percentage share of staff employed in Table 7.

Three companies – BT, Capita and Mouchel dominate the rankings in all three categories with a 61.4% market share by contract value (63.7% in 2009). The same three companies have a 63.6% market share based on the percentage share of staff employed.

IBM and Vertex combined market share also marginally declined from 18.7% to 17.7% in 2009.

Six of the ten companies are foreign owned and have a 32.5% market share by contract value (31.2% in 2009).

Table 7: Summary of operational SSP market share in operational ICT, corporate and technical services

Private contractor	No of contracts	Rank	% share by contract value	Rank	% share by number of staff	Rank
Agilisys (owned by Netdecisions and Jarvis)	2	=5	2.8	8	1.9	9
Arvato Services (Bertelsmann AG, Germany)	3	=4	5.3	6	7.7	5
BT Group PLC, UK	6	3	17.7	3	19.3	2
Capgemini (France)	1	=6	1.3	10	0.7	11
Capita Group PLC, UK	8	2	24.8	1	18.6	3
IBM (IBM Corporation, USA)	2	=5	9.3	4	9.6	4
Liberata (76% owned by private equity group General Atlantic)	3	=4	4.6	7	5.1	7
Mouchel Group PLC, UK	9	1	18.9	2	25.7	1
Serco Group PLC, UK	1	=6	3.3	9	1.7	10
Steria (Groupe Steria, France)	3	=4	3.6	8	3.5	8
Vertex (owned by a consortium of three US private equity firms - Oak Hill Capital Partners, GenNx360 Capital Partners and Knox Lawrence International)	2	=5	8.4	5	6.1	6
Total	39		100.0		100.0	

Source: European Services Strategy Unit, PPP Database, 2010. This Table excludes the terminated contracts at Bedfordshire CC, West Berkshire Council, Essex County Council and Cumbria CC which has concluded.

Note: Excludes secondary partner or subcontractors:

Agilisys – Rochdale and Oldham: Mouchel – Somerset/Taunton Deane: Liberata – Sandwell: Serco – Bradford

Local authorities that chose in-house option and rejected SSP

The March 2010 termination of the procurement process for a SSP in Stoke-on-Trent City Council brings to 12 the number of local authorities that have commenced procurement but then rejected an SSP for the reasons summarised in Table 8.

Newcastle City Council is the only authority that submitted an in-house bid and this was successful on grounds of value for money, innovation and employment (see *Public Service Reform – But Not As We Know It*, Wainwright and Little, 2009, for the highly successful transformation of in-house services).

Table 8: Local authorities that chose in-house option and rejected SSP

Local authorities which started procurement but retained in-house provision	
Barnsley MBC	Decided not to proceed with BT bid in May 2003 because first three year payments could not be guaranteed. Risk of frontline services being cut to meet contractually-binding investment requirements.
Dacorum District Council	Withdrawn from preferred bidder negotiations with Northgate in 2001/02.
Isle of Wight Council	Decided to adopt an internal strategic transformational approach drawing on private expertise instead of outsourcing to a strategic partner.
Kent County Council	Terminated preferred bidder negotiations with HBS Business Services in 2001. Established in-house improvement strategy.

Newcastle City Council	Awarded £200m to in-house service and rejected rival BT bid on grounds of value for money and quality of service improvements in 2002. In 2006 the City Council excluded ICT from the BSF project following a mandatory bid in which the in-house service scored significantly better than the BSF consortia.
North East Lincolnshire Council	Originally had in-house strategy, then 12 year £175m contract with Capita for ICT, regeneration and environment with 348 staff to be seconded to JVC. Contract start planned for November 2007 but Cabinet decided that a mutual commercial agreement could not be reached. The Council Leader stated the contract had to be delivered without adding a penny to council tax and this could not be guaranteed.
Northamptonshire County Council	Withdrawn during procurement process from joint partnership with Milton Keynes Council in 2003.
Salford City Council	Decided against SSP approach for corporate services in 2001 and did not commence procurement.
Stoke-on-Trent City Council	<p>A review of a proposed £250m Strategic Partnership project in March 2010 concluded that savings were likely to be only 3% over the life of the contract. The Council had spent £1.5m on consultants but concluded that an SSP "is unlikely to deliver the service improvement and efficiency benefits previously envisaged without expending further additional cost and time" (Cabinet Decision, 10 March 2010); economic circumstances have changed significantly since the process was started; "the current competitive dialogue process for procuring the Strategic Partnership for support services is discontinued and that an internal business improvement programme is developed" (ibid).</p> <p>ICT and related services – 793 jobs Phase 1: ICT, facilities management, property, HR shared services, payroll and pensions, performance and transformation. Phase 2: Contact centre, postal service, revenue and benefits. Bidders were Serco and Balfour Beatty.</p>
Wakefield MBC	Decided not to pursue a SSP after research of Liverpool, Newcastle and Middlesbrough. Wakefield's healthy financial reserves meant that a mixed economy approach would be more effective.
Walsall MBC	£650m project requiring transfer of 1,500 staff to Fujitsu Services abandoned in January 2006 at the preferred bidder stage. Planned to create 750 new jobs. Council said "strong service improvements" achieved by the local authority in the past few years, felt that "it is now better placed to meet the needs of local people without the joint venture."
Wolverhampton MBC	Commenced a 10-year partnership with Axon Group PLC (HCL Technologies, India) in March 2008 for finance, procurement, HR and payroll. 'Insourcing' deal (Council effectively outsources technical and management support) but Council refused to sign contract after six months of the design phase.

Source: European Services Strategy Unit, PPP Database, 2010.

Terminated and reduced SSP contracts

Of the 44 contracts in the Database, 3 have been terminated and 2 have been significantly reduced in scope. One contract has been concluded. The failure rate is based on contracts that are terminated or significantly reduced in scope with some services transferred in-house, and excluding three contracts that have only recently commenced and are still in the initial set-up stage. The failure rate, based on 42 contracts and 5 failures, is 12%.

Table 9: **Terminated and reduced SSP contracts**

Authority	Contractor	Reasons for termination
Bedfordshire County Council	HBS Business Services	Terminated contract in 2005 four years into a 12-year contract after failure to achieve key deliverables and poor performance. Services and over 500 staff returned to in-house provision. (see <i>Strategic Partnership in Crisis</i> and details of termination at www.european-services-strategy.org.uk/outsourcing-library)
West Berkshire Council	Amey plc	Terminated 10-year contract with Amey Group in 2005 after three years because of poor performance.
Redcar & Cleveland Council	Liberata	Following a 'strategic review of services' HR and Payroll, Finance and Accounting, ICT, Public Access and Business support brought back in-house in September 2006 after only 3 years of the 10-year Liberata contract.
Swansea City Council	Capgemini	£83m ICT contract with Capgemini. Phase 1 savings reduced from £26m to £6m and Phase 2 abandoned.
Essex County Council	BT	The 10-year contract commenced 2002 but in January 2009 the Council served BT with a notice of material breach of contract. A spokeswoman for the council said: "We decided it wasn't value for money and we weren't getting the level of service we required, so we decided to terminate the contract." (Financial Times)

Source: European Services Strategy Unit, PPP Database, 2010.

Recent developments in SSPs

Local authorities with SSPs have reported significant changes in contracts and operational problems. Recent experience in six local authorities is summarised below.

Liverpool City Council

A detailed value for money review of Liverpool Direct Limited (LDL), the joint venture Strategic Service-delivery Partnership between the City Council and BT that commenced in 2001, revealed that the Council was overcharged by £19m over the last nine years. The review identified excessive mark-up of the cost of equipment, support charges, software, hardware and training. Some desktop and laptop prices were marked up 93% - 143% compared to the cost of alternative suppliers. It concluded that in-house provision would save £82m up to 2016/17 with annual savings of £23m for 2017/18 and beyond.

The review was unable to verify the planned £100m investment, financed by the City Council, because of a systemic lack of transparency (Liverpool City Council, 2010).

Somerset County Council

Southwest One has accumulated losses of £19m in the first two years of operation. It suffered pre-tax loss of £16.5m in 2009/10 following a £2.5m loss in its first year. Planned savings of £200m over ten years have plummeted to £144m “pipeline” savings according to the latest accounts. The SSP is a joint venture between IBM, Somerset County Council, Taunton Deane Borough Council and Avon & Somerset Police Authority. It has also to date failed to attract any additional contracts or create the promised new jobs.

The Audit Commission’s Annual Governance Report concluded:

“Progress on developing the potential for more effective joint working between Somerset councils has been mixed and there is still a lack of clarity as to how the partnership will secure benefits. Current leadership arrangements need to be enhanced and speed of delivery improved if the potential benefits are to be realised” (Audit Commission, 2010).

Cumbria County Council ends Capita contract

A strategic service delivery partnership contract for property, finance, highways, human resources and pension administration with Capita Group will be concluded on 31 January 2011. The Council agreed to a mixture of in-house provision, shared services and joint provision with other authorities. Over 600 staff originally transferred to Capita in February 2001.

Middlesbrough Council

Accountancy, property services, enterprise centres, facilities management, leisure business development and procurement and 130 staff are returning in-house in June 2011. The Council has negotiated a £1m reduction in the contract price in 2010/11 as part of a contract extension (Middlesbrough Council, 2010)

The SSP committed to create 500 new jobs but only a just over 100 staff are currently working on non-council business, 20% of the target. Originally 1,045 staff transferred to the contractor who currently employs about 600 staff.

Swindon Council

Swindon BC outsourced ICT and corporate services to Capita Group in February 2007. An Internal Audit last year concluded *“there have been prolonged performance issues with some services that have not always been resolved on a timely basis. In the case of the Benefits Service, continued performance failures against contractual targets have not been clearly escalated to the Partnership Executive for resolution, where service performance has not increased to contracted levels.”*

It also identified *“...significant wider contractual obligations in the service output specifications that must also be delivered by Capita. There is not a consistent method of monitoring whether the partner is delivering these wider obligations.*

“...in some areas, the client is spending time carrying out activities that should be managed by Capita.”

“...there is currently little validation of KPIs reported by the partner”

“...the speed of additional transformational activity generated through the Partnership has not been at the anticipated pace. Only five business cases submitted by Capita have been formally approved in the two years the Partnership has been operating.” (Swindon BC. 2010)

Sandwell MBC

The Council transferred the Business Systems Support Unit (BSSU), comprising staff from Adults Services and Children and Young People, out of the strategic partnership with BT and Liberata in June 2010. Eleven staff transferred back to the council. The reasons for the move included difficulty in maintaining a collaborative style of working previously enjoyed by the unit, the loss of shared understanding and objectives between BSSU and Adults and Children services, and *“the required formality of an outsourced service delivery arrangement has constrained the responsiveness of the services to the needs of the business”* (Sandwell MBC, 2010).

Outsourcing track record

The SSP track record is part of a wider analysis of 105 outsourced public sector ICT contracts in central government, NHS, local authorities, public bodies and agencies that revealed significant cost overruns, delays and terminations. The evidence was drawn from government audits and House of Commons Select Committee investigations. Total value of contracts was £29.5bn but 57% of contracts experienced an average cost overrun of 30.5%, major delays in 33% of contracts and 30% of contracts were terminated (European Services Strategy Unit, 2007).

Highway Services

The first of four large whole-service highway SSPs with a Private Finance Initiative element commenced in Birmingham in July 2010. Three other projects are at the procurement stage – see Table 3.

Table 10: Highway maintenance and improvement contracts (PFI)

Local authority	Date started	Total value £m	No of staff	Transfer or secondment	Contractor	Services	Length of contract
Birmingham MBC	July 2010	2,700	250	transfer	Amey plc	Highway repair & improvement, bridges, street lighting, traffic signals, street scene & footpaths	25

Source: European Services Strategy Unit, PPP Database, 2010.

Waste and Environmental Services contracts

The PPP Database now includes waste and environmental services contracts where refuse and recycling collection is integrated with waste management and disposal – see Table 11. Other similarly large waste contracts are operational or in procurement but they are focused on the construction and operation of energy recovery and materials recycling facilities and waste disposal and are not included in the Database.

Table 11: Waste and environmental services contracts

Local authority	Date started	Total value £m	No of staff	Transfer or secondment	Contractor	Services	Length of contract
Sandwell MBC	Nov 2010	650	n/a	Transfer	Serco Group	Refuse collection, recycling, street cleaning, waste processing & disposal	25
Sheffield MBC	Aug 2001	n/a	n/a	Transfer	Veolia	Refuse collection, recycling, street cleaning, waste processing & disposal	25
Shropshire CC	Oct 2007	n/a	n/a	Transfer	Veolia	Refuse collection, recycling, street cleaning, waste processing & disposal	27
Southwark LBC	Feb 2008	665	n/a	Transfer	Veolia	Refuse collection, new waste & recycling centre	25
Westminster LBC	Sept 2010	518	650	Transfer	Veolia	Refuse collection, street cleaning & recycling	7

Source: European Services Strategy Unit, PPP Database, 2010.

Global Auction of Public Assets:

Public sector alternatives to the infrastructure market & Public Private Partnerships

Dexter Whitfield

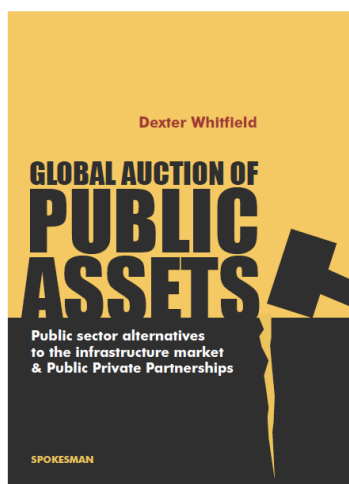
Detailed evidence of SSPs and PPPs together with:

- Global crisis & new infrastructure agenda
- Infrastructure for economic growth
- New global wealth machine?
- Global spread of PPPs and privatisation
- Trading portfolios of schools & hospitals
- Strategies for public investment
- Strengthening strategic alliances

384 pages, January 2010, [Spokesman Books](#), Nottingham. 45 Tables and Charts, over 650 references.

£18 for single copy, £15 each for two or more copies: ISBN 978 0 85124 773 1

[Global Auction of Public Assets](#) is now available in eBook format, price £11.99, a saving of £6.00 on the paperback price. Further details and to access download go to: www.spokesmanbooks.com/acatalog/ePUB_eBooks.html



References

Bournemouth BC (2010) Shaping Success: Final Business Case – Executive Summary, November, Bournemouth.

Bournemouth BC (2010) Incremental Partnership, report to Cabinet, 10 November, Bournemouth.

European Services Strategy Unit (2007) Cost overruns, delays and terminations: 105 outsourced public sector ICT projects, Research Paper No 3, December. www.european-services-strategy.org.uk/publications/essu-research-reports/essu-research-report-no-3-cost-overruns-delays/

Isle of Wight Council (2009) Highways PFI Outline Business Case, December, www.iwight.com/highways-pfi/docs/CommerciallySensitiveOBCFinal.pdf

Liverpool City Council (2010) Improving the LDL Relationship, June, Liverpool

London Borough of Hounslow (2009) Highways Maintenance Private Finance Initiative Project, Outline Business Case, 24 April 2009, Revised – 28th August 2009, London. www.hounslow.gov.uk/pfi_outline_business_case_28aug09.pdf

Middlesbrough Council (2010) Mouchel Partnership Extension, Report to Executive, 14 January, Middlesbrough.

North Somerset DC (2010) Internal Support Services Review (ISSR) Outsource – Provisional Contract Award, Report to the Council, 5 August.

Sandwell MBC (2010) Strategic Partnership Development, Report to Cabinet, 9 June, Sandwell.

Swindon Borough Council (2009) Capita Contract Management, Swindon Internal Audit Services, September, Swindon.

Whitfield, D. (2008) Public Private Partnerships: Confidential 'Research', A Critique of the Audit Commission's study of Strategic Service-delivery Partnerships. www.european-services-strategy.org.uk/news/2008/ppp-research-critique/